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**PART 2A OF FORM ADV: FIRM BROCHURE**

**Dated: March 29, 2018**

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This Brochure provides information about the qualifications and business practices of King Street Capital Management, L.P. (“KSCM”) and its relying advisers: King Street (Europe) LLP (“*King Street Europe*”); King Street (Japan) Limited (“*King Street Japan*”); King Street (Singapore) Pte. Ltd. (“*King Street Singapore*”); and Rockford Tower Capital Management, L.L.C. (“RTCM”). KSCM and its relying advisers may be referred to collectively herein as “*King Street*”. If you have any questions about the contents of this Brochure, please contact our Investor Relations Department at (212) 812-3130. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Being a “registered investment adviser” or describing King Street as being “registered” with the SEC does not imply a certain level of skill or training.

Additional information about King Street is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 MATERIAL CHANGES**

This Brochure contains material changes to the Form ADV Part 2 filed on March 30, 2017 as summarized below.

This updated Brochure reflects general updates to the business practices of King Street, the addition of the Real Estate Funds (as defined below), including a description of additional activities, risks and conflicts associated with the Real Estate Funds and related vehicles and certain other regulatory updates.

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**Item 4      ADVISORY BUSINESS**

KSCM is a Delaware limited partnership that, with its predecessor firm, has been in the investment management business since 1995. KSCM has four relying adviser affiliates: (i) King Street Europe, an LLP formed under the laws of England and Wales, in 2006; (ii) King Street Japan, a Japanese company, formed in 2006; (iii) King Street Singapore, a Singapore private company limited by shares, formed in 2005; and (iv) RTCM, a Delaware series limited liability company, formed in 2017. KSCM's general partner is King Street Capital Management GP, L.L.C. (the "*Investment Manager GP*"), a Delaware limited liability company. O. Francis Biondi, Jr. and Brian J. Higgins, each a Managing Member of the Investment Manager GP (collectively, the "*Managing Members*"), are the direct majority owners of the Investment Manager GP, and they are also the indirect majority owners of KSCM.

As of the date of this Brochure, King Street provides, or expects to provide, investment management services on a discretionary basis to the Flagship Funds and European Funds (each, a "*Fund*" and collectively, the "*Funds*"), the King Street Real Estate Funds (each, including any related vehicles in existence at the date hereof or established hereafter, a "*Real Estate Fund*" and collectively, the "*Real Estate Funds*") and collateralized loan obligation vehicles (each, a "*Rockford Tower CLO*" and collectively, the "*Rockford Tower CLOs*");

***Flagship Funds*** – The "*Flagship Funds*" are a set of Funds that invest globally. The Flagship Funds currently consist of:

- **King Street Capital, L.P.**, a Delaware limited partnership offered primarily to U.S. taxable investors; and
- **King Street Capital, Ltd.**, a British Virgin Islands business company offered primarily to non-U.S. investors and U.S. tax-exempt investors. King Street Capital, Ltd. is a "feeder" fund that invests substantially all of its assets through a "master" fund entity, King Street Capital Master Fund, Ltd., a British Virgin Islands business company.

***European Funds*** – The "*European Funds*" are a set of Funds that invest primarily in European situations. The European Funds currently consist of:

- **King Street Europe, L.P.**, a Delaware limited partnership offered primarily to U.S. taxable investors; and
- **King Street Europe, Ltd.**, a British Virgin Islands business company offered primarily to non-U.S. investors and U.S. tax-exempt investors. King Street Europe, Ltd. is a "feeder" fund that invests substantially all of its assets through a "master" fund entity, King Street Europe Master Fund, Ltd., a British Virgin Islands business company.

***Real Estate Funds*** – The "*Real Estate Funds*" are a set of funds that invest globally in real estate and real estate-related assets. The Real Estate Funds currently consist of:

- **King Street Real Estate Fund, L.P.**, a Delaware limited partnership offered primarily to U.S. taxable investors; and

- **King Street Real Estate Fund (Offshore PF), L.P.**, a Cayman Islands exempted partnership that will invest alongside King Street Real Estate Fund, L.P. on a parallel basis and will be offered primarily to non-U.S. investors and U.S. tax-exempt investors.

**Rockford Tower CLOs** – The “*Rockford Tower CLOs*” invest primarily in broadly syndicated loans, and include any loan accumulation activity conducted prior to the closing of a related Rockford Tower CLO (which may include an arrangement referred to as a “*CLO Warehouse*”) or other predecessor or related vehicles.

For convenience of reference throughout this Brochure:

- King Street Capital, L.P. and King Street Europe, L.P. are referred to as the “*Partnerships*”.
- The two British Virgin Islands feeder funds, King Street Capital, Ltd. and King Street Europe, Ltd., are referred to as the “*Offshore Funds*”.
- The two British Virgin Islands master funds, King Street Capital Master Fund, Ltd. and King Street Europe Master Fund, Ltd., are referred to as the “*Master Funds*”.
- The use of the terms “*Fund*” or “*Funds*” will include the applicable Master Fund or Master Funds when referring to an Offshore Fund or the Offshore Funds, unless the context requires otherwise, but will not include the Real Estate Funds or any Rockford Tower CLO.
- The Funds, the Real Estate Funds and the Rockford Tower CLOs are referred to collectively as “*Advisory Clients*”.

The investment strategy of the Flagship Funds is broadly defined as global long/short credit and event-driven. The European Funds apply the same strategy to investments primarily in European companies, assets or situations, companies with significant European operations or securities and other financial instruments issued or traded in European markets. The principal investment objective of the Funds is to produce attractive risk-adjusted returns in all types of market environments by capitalizing on mispriced investment opportunities. Each Fund seeks to achieve its objective by investing in instruments related to any level of an issuer’s capital structure (including, without limitation, bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt or equity of structured credit products) and across a broad spectrum of companies, industries and asset classes. The Funds invest directly in these instruments or through intermediate pooled entities, including special purpose vehicles, which are also managed by King Street for, among other things, pooling investments of multiple Funds. These special purpose vehicles may include direct investments in the Rockford Tower CLOs (as described below).

The principal investment objective of the Real Estate Funds is to produce attractive, risk-adjusted returns throughout diverse market environments by capitalizing on mispriced real estate investment opportunities. The Real Estate Funds seek to invest in equity and debt interests in real estate and real estate-related assets through a global investment strategy across all major property types, focusing on situations that are out-of-favor, complex, misunderstood or in markets undergoing a transition.

RTCM acts as collateral manager and, if required, “risk retention provider” (as described below) with respect to the Rockford Tower CLOs. In its role as risk retention provider, RTCM holds Rockford Tower CLO securities to the extent required by applicable Risk Retention Rules (“*Risk Retention Interests*”) and, through their investment in RTCM, certain Funds will be indirectly exposed to the Risk Retention Interests. Please see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss - *LSTA Decision Regarding CLO Risk Retention*) for important information regarding a February 2018 United States Court of Appeals for the District of Columbia (the “*DC Circuit Court*”) decision (the “*LSTA Opinion*”), which impacts the U.S. Risk Retention Rules (as defined below).

King Street currently does not provide investment advisory services to clients apart from its management of the Advisory Clients, although it may do so in the future. Investors in the Advisory Clients have no opportunity to select or evaluate any investments or strategies. King Street selects each Advisory Client’s investments and determines its investment strategies.

As of January 1, 2018, KSCM had approximately \$20,160,600,000<sup>1</sup> in net client assets under management, all managed on a discretionary basis. (Note that the method for computing “client assets under management” is different than the method for computing “regulatory assets under management” required for Item 5.F. in Form ADV Part 1A).

King Street’s management of each Advisory Client is subject to, and the terms of any investor’s investment in an Advisory Client and all other terms of each Advisory Client, are governed exclusively by, the terms of that Advisory Client’s organizational documents, offering memorandum, limited partnership agreement (if any), memorandum and articles of association (if any), investment management agreement (if any), and subscription agreement (if any), each as amended, supplemented or modified from time to time (collectively, the “*governing documents*”). All discussions in this Brochure regarding the Advisory Clients, including their investments, the strategies King Street pursues in managing them, the fees and expenses borne by their investors, and all other terms of each Advisory Client, are qualified in their entirety by reference to the relevant governing documents. As King Street manages each Advisory Client pursuant to its investment objectives and restrictions as set forth in the applicable governing documents, investors should review the relevant governing documents to determine whether such an investment is appropriate for their individual circumstances.

Please see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for more information.

## **Item 5 FEES AND COMPENSATION**

With respect to all types of Advisory Clients, KSCM and certain of its affiliates receive management fee and performance compensation, as described below. King Street complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), to the extent required by applicable law. Subject to the relevant governing documents, King Street

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<sup>1</sup> Assets under management include the net asset value of the Flagship Funds, the European Funds, the Real Estate Funds and, with respect to each Rockford Tower CLO, the aggregate value of the collateral held by the CLO as well as available cash.

may, in its sole discretion, waive all or any portion of the management fee and/or performance compensation with respect to any investor in an Advisory Client including, but not limited to, King Street, its affiliates and any of their respective current or former principals, members, directors, officers, partners, employees, the family members of any of the foregoing and any trusts or other vehicles for the benefit of such persons and any charitable trust, foundation or similar entity established by any such persons.

### ***Funds***

*Management Fees.* Management fees for the Funds are charged at an annual rate of 1.5% of net assets of the applicable Fund, payable in advance on a quarterly basis. However, investors in King Street Capital, L.P. who were admitted as limited partners before October 1, 2003 are “grandfathered” at the previous 1.0% management fee rate on all capital contributed prior to January 1, 2004. The management fee is adjusted pro rata for any subscriptions, transfers, redemptions or withdrawals during a calendar quarter. In the event that transaction, advisory, and/or similar fees (including, as applicable, fees from Rockford Tower CLOs) are received by KSCM in connection with a Fund’s investments, KSCM intends to offset the portion of those fees received by KSCM allocable to the Fund against the management fees and/or otherwise credit them to the Fund’s investors, on a pro rata basis.

Certain Funds offer classes or series of shares denominated in different currencies (e.g., British pound, Euro, Canadian dollar, U.S. dollar and Yen). In these cases, the management fee will be calculated separately for each class or series in the relevant currency.

*Performance Compensation.* As explained more fully below, affiliates of KSCM receive performance reallocations from the Funds equal to 20% of the net profits (including realized and unrealized gains) of the applicable Fund, if any (after taking into account expenses of such Fund, including any management fees). The performance reallocation is calculated and applied annually.

In the case of the Offshore Funds, the performance reallocation is applied at the Master Fund level and received by the KSCM affiliate that serves as a special shareholder of the Master Fund. In the case of the Partnerships, the performance reallocation is calculated and applied separately for each investor’s capital account and received by the KSCM affiliate that serves as the general partner of the Partnership. If a Fund offers multiple classes or series of shares, the performance reallocation is calculated separately for each class or series in the relevant currency.

The performance reallocation is calculated in accordance with each Fund’s governing documents and is generally subject to the following additional terms:

- The performance reallocation is reduced by a loss carryforward limitation, which generally requires that prior unrecouped net losses be made up before the performance reallocation is made.
- If an investor withdraws or redeems from a Fund on a date other than a date on which the performance reallocation is due, the performance reallocation applicable to the withdrawal or redemption will be calculated and accrued on that date.

- The performance reallocation does not take into consideration gains and losses applicable to Special Investments (as defined in Item 8) that continue to be held in Special Investment accounts as of the performance reallocation date.

### ***Real Estate Funds***

*Management Fees.* The Real Estate Funds will generally pay KSCM (or an affiliate thereof), quarterly in advance, a management fee equal to a percentage (currently 1.5%) of the capital commitments to a Real Estate Fund for a specified period of time, and thereafter a percentage (currently 1.5%) of certain invested capital, all as set forth in the governing documents. The management fee will be payable until all assets of the Real Estate Fund are distributed or until KSCM's relationship with the Real Estate Fund is terminated for other reasons (as described in the relevant governing documents). The Real Estate Funds may offset and reduce amounts otherwise distributable to investors in order to pay the management fee to KSCM (or an affiliate thereof).

*Performance Compensation.* An affiliate of KSCM will receive a carried interest with respect to the Real Estate Funds generally equal to 20% of all realized profits subject to a 8% compound preferred return, as more fully described in the governing documents of each Real Estate Fund. The carried interest distributed to the KSCM affiliate is subject to a potential giveback at the end of life of the Real Estate Funds if the KSCM affiliate has received excess cumulative distributions as set forth in the relevant governing documents.

In addition to the management fee and carried interest, KSCM or other King Street entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio investments of the Real Estate Funds and such additional compensation may offset in whole or in part the management fees otherwise payable to KSCM as set forth in the governing documents.

### ***Rockford Tower CLOs***

*Management Fees.* RTCM will receive management fees from the Rockford Tower CLOs of approximately 0.45% of the par value of the collateral and cash held in the Rockford Tower CLOs. In general, management fees will be payable only if there are funds available in accordance with the priority of payments provisions of the Rockford Tower CLO's governing documents.

*Performance Compensation.* RTCM also receives incentive fees, typically 20% of the excess cash flows due to the holders of the subordinated notes, subject to a stated hurdle rate.

### ***Advisory Client Expenses***

*Fund Expenses.* Each Fund pays (or reimburses KSCM or its affiliates) for its own expenses, which will be deemed to include, without limitation, the management fee for the applicable Fund, administrative costs, including the fees and expenses paid to the administrator, accounting and valuation (including, without limitation, the costs of accounting, portfolio management, risk management and trade order management systems and software), tax (including tax preparation,



consulting, entity-level taxes and governmental charges), auditing (including auditor review of and reporting on controls, procedures, custody and valuation such as in an Agreed Upon Procedures review), legal and compliance, regulatory expenses including in connection with filings pertaining to a Fund or a Fund's investments (including, without limitation, blue sky, U.S. FATCA, U.K. FATCA, CRS, Form D, Section 13, Form PF, etc. and comparable non-U.S. filings), consulting and other professional fees and expenses (including with respect to research, investment banking, deal sourcing, lobbying or any of the other expense categories referenced in this paragraph), custodial, clearing and transfer agency fees and expenses, printing and mailing expenses (including the expenses incurred for the printing of the offering memorandum, a Fund's subscription agreements, notices, reports and sales literature and the delivery of such materials to existing and potential investors), other promotional expenses (including fees and costs associated with satisfying local regulatory requirements in non-U.S. jurisdictions), organizational expenses (including organization of trading or special purpose vehicles), the cost of maintaining a Fund's corporate existence and registered office, the cost of obtaining and maintaining operational, credit or other ratings, the costs and expenses of products and services relating to research concerning a Fund's investments or potential investments (except to the extent that such costs or expenses are paid for with "soft dollars"), including quotation, pricing, data, statistical, risk and research programs, services and products, travel expenses related to research or investments (including lodging), all investment expenses incurred by a Fund, whether or not such investments are consummated (including conferences and meetings with counterparties or potential counterparties, interest on borrowings and commitment fees and related expenses payable to lenders, investment banking, introduction, placement, asset management and operational fees and expenses (which may include success-based incentive/promote payments), brokerage commissions, borrowing charges on securities sold short, hedging costs, bank service fees, withholding and transfer fees, custodial fees, clearing and settlement charges, any other expenses reasonably related to the purchase, sale, transmittal, due diligence or management of a Fund's investments, expenses related to the operation of entities formed for investment-related purposes (including office space, personnel, insurance, and third party service provider expenses)), expenses relating to obtaining and maintaining insurance for a Fund, King Street, and the Investment Manager GP or any of their respective employees, members or affiliates and expenses similar to any of the foregoing related to a Fund.

*Real Estate Fund Expenses.* Each Real Estate Fund will pay (or reimburse KSCM or its affiliates) for all fees, costs, expenses, liabilities and obligations relating to the Real Estate Fund, its joint venture partners and its subsidiaries and/or their respective activities, business, portfolio investments or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio investment (to the extent not borne or reimbursed by a portfolio investment or potential portfolio investment) as further described in the governing documents. These expenses often include expenses similar to those borne by the Funds as described above.

*Rockford Tower CLO Expenses.* Expenses borne by investors in a Rockford Tower CLO will be described in the relevant governing documents and often include expenses similar to those borne by the Funds.

The above description of Advisory Client expenses is not intended to be exhaustive. For a description of the fees and expenses borne by each Advisory Client, please see the applicable Advisory Client's offering memorandum. King Street bears its own operating, general, administrative and overhead costs and expenses, other than the expenses borne by the Advisory Clients.

### ***Termination***

*The Partnerships.* KSCM's relationships with the Partnerships are terminable only upon the dissolution and liquidation of the applicable Partnership pursuant to the terms of its partnership agreement, a withdrawal as a general partner by the applicable KSCM affiliate or the assignment in full of its interest in the Partnership to an unaffiliated party.

*The Offshore Funds.* Each Offshore Fund may typically terminate its investment management agreement with KSCM by giving at least 60 days' written notice prior to the annual renewal of the agreement or upon KSCM's material default, insolvency or bankruptcy.

*The Real Estate Funds.* The general partner of the relevant Real Estate Fund may generally terminate the appointment of KSCM as the investment manager at any time for any reason as set forth in the governing documents.

*Rockford Tower CLOs.* Generally, the collateral management agreement for a Rockford Tower CLO will terminate upon the liquidation of the Rockford Tower CLO or the satisfaction and discharge of the Rockford Tower CLO's indenture in accordance with its terms.

*Withdrawals and Redemptions.* Investors in the Funds are generally permitted to redeem or withdraw (as applicable) in accordance with the applicable redemption or withdrawal terms for each Fund as set forth in the applicable governing document.

Investors in the Real Estate Funds are generally not permitted to withdraw or redeem their interests in the Real Estate Funds, except in limited circumstances described in the governing documents.

In general, investors are not permitted to redeem or withdraw their interests in the Rockford Tower CLOs, although Rockford Tower CLO interests may be sold by an investor subject to limitations set forth in the relevant governing documents. Any specific limitations on a Rockford Tower CLO's liquidity will be discussed in the relevant offering and governing documents for such Rockford Tower CLO.

In each case, expenses incurred and management fees and performance-based compensation earned through the date of termination are charged to the relevant Advisory Client.

Please see Item 12 (Brokerage Practices) for a discussion of King Street's brokerage practices.

**Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 (Fees and Compensation) above, affiliates of King Street receive performance-based compensation from the Advisory Clients. Additionally, RTCM's ownership of the Risk Retention Interests of a Rockford Tower CLO gives King Street a material pecuniary interest in the performance of such Rockford Tower CLO. The fact that affiliates of King Street are compensated based on trading profits may create an incentive to make investments on behalf of the Advisory Clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based compensation received by the affiliates of King Street is based primarily on realized and unrealized gains and losses. As a result, some performance-based compensation may be based on unrealized gains that investors do not realize.

**Item 7 TYPES OF CLIENTS**

As noted above, King Street provides investment advice to private investment funds, including Rockford Tower CLOs, and may provide investment advisory services to other types of clients in the future. Please see Item 4 (Advisory Business).

**Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**Primary Investment Strategies and Methods of Analysis**

*Funds.* As noted in Item 4 (Advisory Business), the investment strategy for the Flagship Funds is broadly defined as global long/short credit and event-driven. The European Funds have the same basic investment strategy except that it is applied to investments primarily in European companies, assets or situations, companies with significant European operations or securities and other financial instruments issued or traded in European markets. King Street takes a fundamental and research-intensive approach to investing, where downside risk assessment is central to each investment decision.

Each Fund seeks to achieve its objective by investing in instruments related to any level of an issuer's capital structure (including, without limitation, bank debt, corporate bonds, trade claims, convertible securities, equities, credit default swaps, options and other derivatives, as well as the debt or equity of structured credit products) and across a broad spectrum of companies, industries and asset classes. Most of the Funds' long and short investments are primarily directional in nature (as opposed to relative value opportunities), but the Funds may also opportunistically implement intercapital trades. The Flagship Funds pursue investment opportunities in the United States, as well as other markets, including, without limitation, Canada, the United Kingdom, continental Europe, South America, Australia and Asia. The European Funds focus primarily on investments in European issuers or situations, but also pursue investment opportunities involving other markets, including, without limitation, the United States, Canada, Australia and Asia.

On the long side, the Funds focus on companies, assets and instruments trading below their inherent value. These investments include companies with fundamentally sound businesses that are experiencing financial distress or difficulty due to a challenging operating environment

and/or inappropriate capital structures, including companies that are reorganizing under applicable bankruptcy laws, restructuring debt obligations outside of court, liquidating assets to pay off creditors or emerging from a recent financial restructuring. It has been the experience of King Street that banks, mutual funds, insurance companies and other institutional investors often sell the securities of these companies without regard for their inherent value because they are not equipped to analyze defaulted or distressed securities and are frequently not permitted or are unwilling to hold them in their portfolios due to, for example, their investment guidelines. Consequently, there are opportunities to purchase these securities at significant discounts to their recovery values. The Funds also invest in out-of-favor industries and issuers, as well as situations where the market has overreacted to an event or series of events (for instance, the potential for or initiation of significant litigation). Frequently, investment opportunities arise because the investment community has become unduly pessimistic about a company's business prospects, asset values or litigation risks. The Funds seek to capitalize on these opportunities by purchasing securities at attractive prices.

In addition to more traditional long investments, an important aspect of each Fund's strategy involves implementing short positions in the securities of companies that King Street believes may deteriorate in credit quality due to operating or financial challenges or become subject to a leveraging event (such as a leveraged buyout or recapitalization) or have a negative event in the future.

In addition to directional long or short investments, the Funds opportunistically implement intercapital trades comprised of both a long and short component. Examples of such trades include basis trades between bonds and credit default swaps, trades that take a view on the steepness of an issuer's credit curve, intercapital trades that are long a senior security and short a more junior security and pair trades between different issuers in related businesses.

Finally, certain Funds will have exposure to the Rockford Tower CLOs by virtue of direct investments and, indirectly, through their investment in RTCM, which retains Risk Retention Interests in the Rockford Tower CLOs. See "*LSTA Decision Regarding CLO Risk Retention*" below for information regarding potential changes to Risk Retention Interests.

*Real Estate Funds.* Also as noted in Item 4 (Advisory Business), the principal investment objective of the Real Estate Funds is to produce attractive, risk-adjusted returns throughout diverse market environments by capitalizing on mispriced real estate investment opportunities. The Real Estate Funds seek to invest in equity and debt interests in real estate and real estate-related assets through a global investment strategy across all major property types, focusing on situations that are out-of-favor, complex, misunderstood or in markets undergoing a transition. Investments are generally expected to exhibit one or more of the following characteristics: (i) located in a market with a supply/demand imbalance; (ii) owned by a motivated seller; (iii) situated in a dislocated market; and/or (iv) under-managed or under-invested.

The Real Estate Funds seek to achieve their objective by investing primarily in direct equity real estate investments. However, they may also invest in certain private instruments and public securities. As such, investments may be made in equity interests, debt interests, debt- or equity-related interests, participations, leasehold interests, or other direct or indirect interests in

or relating to single or multiple real estate properties or assets (including land, buildings and other improvements and related personal or intangible property), pools or portfolios of real estate properties or assets, partial interests or rights in real estate properties or assets, options, swaps, derivative instruments, futures contracts, forward commitments, rights of refusal, rights of offer and similar rights in respect of real estate properties or assets or portions thereof, and debt or equity securities and other interests in real estate or real estate-related companies (listed or non-listed). The Real Estate Funds may invest in a variety of property types including development, retail, office, industrial, residential (including both single and multi-family units), hotel/lodging, multi-use and land, subject to the terms of the relevant governing documents.

*Rockford Tower CLOs.* The Rockford Tower CLOs managed by RTCM will invest primarily in broadly syndicated loans and other similar obligations.

### *Risk Management*

*General.* A risk committee (the “*Risk Committee*”) meets periodically to review and consider certain portfolio risk-related issues. Specifically, the Risk Committee sets policies and monitors exposures with respect to idiosyncratic risks at the issuer and sector level, market risks, liquidity risks and counterparty risks. In particular, the Risk Committee is responsible for setting and modifying risk guidelines, reviewing and monitoring current exposures in the context of market conditions and guidelines, prioritizing risk-related technology and infrastructure initiatives, risk reporting and risk escalation.

The Advisory Clients may become significantly exposed to a particular currency due to certain investments being denominated in that currency. The Advisory Clients, when deemed appropriate by King Street, in order to reduce such exposure, engage in currency hedging, either through forward currency exchange contracts or transactions in the spot (cash) market.

Risk management and preservation of capital are key aspects of King Street’s portfolio construction. Risks are analyzed and actively managed for each portfolio investment based upon intense fundamental research as well as King Street’s assessment of liquidity, market conditions and other circumstances specific to each situation. King Street reevaluates the expected return and risk of each investment as new information becomes available and adjusts positions accordingly. Portfolio level risks and exposures are also actively monitored.

*Funds.* With respect to the Funds, risks also are managed through conservative asset valuations (i.e., purchasing securities or other instruments at a discount to King Street’s assessment of true value) and sizing of positions. King Street attempts to minimize portfolio risk by diversifying holdings among various securities, companies, industries and geographic regions (although the Flagship Funds’ investments tend to be concentrated in the United States and the European Funds’ in Europe). Neither Flagship Fund intends to make an investment in any one issuer that, at the time thereof and giving effect thereto, exceeds 20% of the Fund’s gross assets. There is no corresponding limitation on the European Funds.

With regard to privately-negotiated transactions (such as credit default swaps), King Street attempts to limit the Funds’ counterparty credit risk by diversifying the Funds’ exposure across multiple counterparties, considering each counterparty’s (or its guarantor’s) credit rating and

utilizing other credit risk mitigation techniques, such as guarantees, collateralization and periodic mark-to-market settlement. Additionally, to the extent that the Funds are required to post initial margin to support their obligations under uncleared over-the-counter swap transactions, King Street generally seeks to post such initial margin to an independent third-party custodian, which further limits the Funds' counterparty risk.

#### *Broad Investment Authority*

*Funds.* King Street generally has broad discretionary authority to determine the investments to be traded and the strategy and approaches used to meet the overall investment objectives of the Funds. As such, the Funds may invest in securities and other financial instruments at any level of an issuer's capital structure, including U.S. and non-U.S. securities, convertible securities, debt securities, asset-backed securities, loans, trade claims, commodities, options and other derivatives, currencies, and real estate-related assets. The Funds may establish both long and short positions and may invest in initial public offerings of securities. King Street may, in its sole discretion, offer excess allocations of Special Investments to one or more Fund investors and may offer co-investment opportunities to one or more investors or third parties. Any limitations on authority are detailed in each Fund's offering memorandum. Any fees and allocations related to any of the foregoing to parties other than King Street or its affiliates will not reduce the management fee or performance reallocation.

*Special Investments of the Funds.* From time to time, the Funds acquire assets or securities that King Street believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. King Street may, in its sole discretion, designate such assets or securities, upon their acquisition or while held by the Fund (together with related hedges, financings or similar investments), as special investments (each, a "*Special Investment*").

The cost of all outstanding Special Investments (or fair value at the time of designation, as determined in good faith by King Street, if any existing investment is designated as a Special Investment) is not expected to comprise: (a) for the Flagship Funds, more than 15% of each Fund's net assets (calculated, for these purposes, by adding any amounts that are attributable to deferred fees, if any), determined at the time that any such investment is designated; and (b) for the European Funds, more than 15% of the aggregate net asset value (calculated, for these purposes, by adding any amounts that are attributable to deferred fees, if any) of the shares or interests (including shares or interests in Special Investments) held by investors in the applicable Fund who have elected to participate in Special Investments, measured at the time that any such investment is designated. Notwithstanding the foregoing, the Flagship Funds and/or the European Funds may allocate to one or more consenting investors a portion of Special Investments in excess of such investors' *pro rata* share (and such over allocation shall not be counted toward the 15% guideline referenced above), which may have the effect of reducing the portion allocated to investors that do not receive an excess allocation, including a two times allocation option currently available in all of the Funds.

*Real Estate Funds.* King Street generally has broad investment discretion and authority to execute the investment strategy of the Real Estate Funds, subject to certain investment restrictions in the governing documents. Accordingly, the Real Estate Funds may invest in a wide range of real estate and real estate-related assets as further described above.

*Rockford Tower CLOs.* RTCM has broad investment discretion and authority with respect to each of its respective Rockford Tower CLO clients pursuant to and in accordance with each applicable management agreement that RTCM will enter into in connection with each applicable Rockford Tower CLO transaction. Any limitations on authority are detailed in each Rockford Tower CLO's offering memorandum.

Advisory Clients may enter into joint venture arrangements, make co-investments or otherwise participate in pooled investment vehicles with others if King Street determines that such an arrangement represents a preferred way to access a particular investment opportunity or otherwise expand the investment expertise available to Advisory Clients. Co-investment opportunities (including the opportunity to participate in co-invest vehicles) may be offered to Advisory Clients or third parties, including certain investors, service providers, sponsors, market participants, finders, consultants, King Street personnel and/or certain other persons associated with King Street and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the relevant Advisory Client. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from such Advisory Client after their investment in the portfolio investment has been consummated (also known as a post-closing sell-down or transfer).

### **Summary of Certain Risk Factors**

Investing in securities and other instruments involves risk of loss that investors should be prepared to bear. The management style offered by King Street may be deemed speculative and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that the Advisory Clients will achieve their investment objectives.

The following is a brief summary of certain of the more significant risks associated with King Street's investment strategies. ***Please see the offering memorandum of each Advisory Client, including relevant sections on risk factors and potential conflicts of interest, for more detailed and specific information regarding the principal risks applicable to individual Advisory Clients.***

**General** – An investment in the Advisory Clients is speculative and entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the merits and risks of the Advisory Clients and bearing the risks they represent, including the potential loss of their entire investment. There can be no assurance that the Advisory Clients will be able to achieve their investment objectives or that significant losses will not be incurred.

**Market Risk** – The Advisory Clients invest in and actively trade securities and other financial instruments or assets (including derivative instruments) utilizing strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the debt and equity markets. The prices of the financial instruments in which the Advisory Clients invest can be highly volatile. Price movements of equity, debt and other securities, instruments and assets in which the Advisory Clients are invested are influenced by, among other things, interest rates, foreign exchange rates, changing supply and demand relationships, trade, fiscal,

monetary and exchange control programs and policies of governments and national and international political and economic events. Moreover, war, political or economic crisis, or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments and derivative instruments. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction, because of, among other things, interest rate fluctuations. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that the Advisory Clients' strategies will be successful in such markets.

The Advisory Clients may also incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events, losses due to natural disasters and other catastrophic events or government intervention in the markets may from time to time cause dramatic losses for the Advisory Clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

The Advisory Clients may invest a portion of their respective assets in securities and instruments of issuers located outside the United States. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. In addition, financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Moreover, investing in “*developing*” or “*emerging*” markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets.

***Instrument and Strategy Risk*** – The Advisory Clients also face certain risks associated with the investment strategies and types of instruments in which they invest, including, but not limited to, the following:

*Debt and Credit-Related Instruments* – Certain Advisory Clients make long and short investments in debt securities and other credit-related instruments without limitation. Debt and credit-related instruments are subject to interest rate risk, credit risk, risk of default, pre-payment risk and other risks. Lower-rated and unrated securities in which an Advisory Client may invest are subject to volatility, have large uncertainties or major risk exposures to adverse conditions, and are considered predominantly speculative. Distressed securities involve a substantial degree of risk, including high volatility, uncertainty of payment, risks and costs of litigation, corporate workouts and reorganizations. Investments in bankrupt and insolvent companies generally are illiquid and involve additional risks and costs.



*Special Situations and Event-Driven Investments* – Certain Advisory Clients invest in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution to an Advisory Client of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, an Advisory Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which an Advisory Client may invest, there is a potential risk of loss by the Advisory Client of its entire investment in such companies.

*Bank Debt* – The investment program of certain Advisory Clients includes direct or indirect investments in bank debt. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of an Advisory Client to directly enforce its rights with respect to participations; and (v) possible equitable subordination. In analyzing bank debt transactions, King Street compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks are borne by the applicable Advisory Clients.

*Real Estate Investments* – Real estate investments generally will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; changes in interest rates; local, national or international real estate conditions (such as oversupply of space or a reduction in demand for space); risks due to dependence on cash flows; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over building, rental rates, attractiveness and changes in the relative popularity types and locations); the financial condition of tenants, buyers and sellers of properties; changes in operating costs and expenses; uninsured losses or delays from casualties or condemnation; limitations on rents; changes in availability of debt financing; energy and supply shortages; changes in tax, real estate, environmental and zoning laws and regulations and fiscal policies; risks due to environmental liabilities, contingent liabilities, or successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property); unusual or concealed sited conditions (including artifacts, fossils, relics or archaeological, historic or cultural findings); work stoppages, strikes, union relations and contracts, and/or other labor related factors; natural disasters, acts of God, acts of war (declared or undeclared), or terrorist acts; and the ability of the Advisory Client or third party borrowers to manage the real properties. The relevant Advisory Clients incur the burdens of ownership of real

property, which include the paying of expenses and taxes (such as mortgage payments, real estate taxes and maintenance costs), maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, the relevant Advisory Clients sometimes work with management companies in connection with their real estate investments, which could adversely affect such Advisory Clients. Real estate investments are not as liquid as some other types of investments and this decreased liquidity may tend to limit the ability of the Advisory Clients to react promptly to changes in economic or other conditions.

*Development and Construction or Renovation Risks* – Real estate investments may include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that an Advisory Client invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities, including the possibility of development cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after acquisition. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of the relevant Advisory Client. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that makes such development less attractive than at the time it was commenced.

*Trade Claims and Similar Claims* – Certain Advisory Clients invest in unsecured claims held by entities owed for goods, services or other losses against companies that have filed for bankruptcy protection (such claims are known as “trade claims”). Because of the absence of a regulated market for trade claims and the decreased transparency of pricing information with respect to trade claims (and the resulting difficulties in determining market values for them), as well as the risk that such claims may be disallowed, reduced or given lower priority by the bankruptcy court or treated differently from other forms of debt under the debtor’s plan of reorganization approved by the bankruptcy court, an Advisory Client may suffer significant losses.

*Structured Credit Products* – Certain Advisory Clients invest in structured credit products. These products include, but are not limited to: collateralized debt obligations and collateralized loan obligations (“CLOs”); mortgage-backed securities (including residential mortgage-backed securities) or collateralized mortgage obligations; other asset-backed securities, such as automobile and credit card-backed securities; and structured investment vehicles. Structured credit products generally are collateralized investment products where repayment is derived from the performance of the underlying assets or other reference assets, or by third parties that serve to enhance or support the

structure. Given the complexity of many structured credit products, including the composition and credit characteristics of the underlying collateral, credit risk associated with these products is difficult to measure. Therefore, these products may be subject to significant credit risk, including risk of default or downgrade. In addition, such Advisory Clients will have limited remedies available upon the default of most structured credit products. Moreover, due to a lack of an active secondary market for structured credit products, they generally are illiquid and difficult to value. Structured credit products are also subject to correlation risk, interest rate risk, market risk and operational risk, which have generated significant losses for some structured credit products during the recent credit market turmoil. Structured credit products purchased by an Advisory Client may be unrated or non-investment grade. Interests in unrated and non-investment grade structured credit products are subject to a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

As discussed above, certain Funds may invest in the Rockford Tower CLOs on a direct basis, as well as on an indirect basis through their investment in RTCM and its ownership of Risk Retention Interests. An investment in the interests of a Rockford Tower CLO differs from an investment in the assets held by the Rockford Tower CLO. There are numerous risks associated with an investment in CLOs generally as noted above, and a Rockford Tower CLO in particular, including that interests in a Rockford Tower CLO (including Risk Retention Interests) have limited liquidity and there are restrictions on their transfer. Investors who make a direct investment in Rockford Tower CLO securities should carefully review a Rockford Tower CLO's offering documents before investing.

*Risk Retention Rules* – To the extent required by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “*US Risk Retention Rules*”) and Articles 404-410 of the EU Capital Regulation Requirements (as the same may be amended and including any similar or successor statutes or regulations) (“*EU Capital Regulation Requirements*,” and together with the US Risk Retention Rules, the “*Risk Retention Rules*”), RTCM will retain Risk Retention Interests in Rockford Tower CLOs that it manages. In addition, RTCM may be required to continue to hold the Risk Retention Interests of a Rockford Tower CLO in the case that it no longer serves as collateral manager for the Rockford Tower CLO. RTCM may hold Rockford Tower CLO securities in addition to the requisite risk retention amount. The regulatory environment in which RTCM will operate is subject to significant uncertainty regarding the application of the Risk Retention Rules to RTCM and the Rockford Tower CLOs, including as a result of the LSTA Opinion (described below). There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by King Street, and the manner in which they expect to hold Risk Retention Interests, will satisfy the Risk Retention Rules. If such transactions, structures or arrangements are found to subject King Street to unacceptable regulatory risk, the ability of King Street to make investments in such transactions, structures or arrangements may be limited or otherwise curtailed. King Street could become subject to

regulatory action to the extent any transactions, structures or arrangements are determined not to comply with the Risk Retention Rules, which could materially and adversely affect King Street. The Risk Retention Rules are subject to changes, clarifications and interpretations by governmental authorities that may have an adverse effect on King Street. The impact of the Risk Retention Rules on the securitization market is also unclear and such rules may negatively impact the value of Rockford Tower CLOs and their underlying assets. Under the U.S. Risk Retention Rules, except to the extent overturned by the LSTA Opinion, an entity acting as a “sponsor” of a “securitization transaction” is generally required to retain at least 5% of the credit risk of the assets it securitizes (the “*Retained Interest*”) either directly or through a “majority-owned affiliate,” as such terms are defined for purposes of the U.S. Risk Retention Rules. The purpose of the retention requirement is to require that sponsors of securitization transactions have “skin-in-the-game” with respect to those transactions.

In the release of the regulations implementing the U.S. Risk Retention Rules published in the Federal Register on October 24, 2014, the SEC and certain other regulators expressed their view that the collateral manager of a CLO is the sponsor of the CLO and, accordingly, is required either directly or through a majority-owned affiliate, to comply with the retention requirement.

*LSTA Decision Regarding CLO Risk Retention* – On February 9, 2018, the DC Circuit Court ruled in favor of an appeal brought by the Loan Syndications and Trading Association (“LSTA”) from a district court ruling granting summary judgment to the SEC and the Board of Governors of the Federal Reserve System. As part of its ruling, the DC Circuit Court remanded the case with instructions to grant summary judgment to the LSTA on whether application of the U.S. Risk Retention Rules to CLO managers is valid under Section 941 of the Dodd-Frank Act. Effectively, CLO managers of “open-market CLOs” (described in the ruling as CLOs where assets are acquired from “arms-length negotiations and trading on an open market”) will no longer be required to comply with the U.S. Risk Retention Rules. Federal regulators may appeal the LSTA Opinion and therefore whether the U.S. Risk Retention Rules will continue to apply to CLO managers of “open-market CLOs” remains uncertain. If the LSTA Opinion stands, King Street will no longer be obligated, either directly or through a majority-owned affiliate, to hold a Retained Interest in accordance with the U.S. Risk Retention Rules with respect to CLOs that it manages, and it may be free to either sell such Retained Interest or to sell its interest in any majority-owned affiliate holding such interests. To the extent investors in CLOs managed by RTCM derived any benefit from the requirement that King Street have “skin-in-the-game” with respect to such CLOs as a result of the U.S. Risk Retention Rules, investors may not enjoy such benefit if the LSTA Opinion defines applicable law.

*Derivatives* – Certain Advisory Clients intend to extensively use derivatives, including futures, options, swaps and forward contracts, in their investment program for speculative and hedging purposes. The use of such instruments entails various risks, including pricing, legal, counterparty, operational, liquidity and leverage risks. Derivative instruments purchased or sold by an Advisory Client include privately negotiated principal-to-principal transactions in which performance is the responsibility of the

individual counterparty and not an organized execution facility, exchange or clearinghouse. The risk of nonperformance by the counterparty on such transactions may be greater and the ease with which an Advisory Client can replace such transactions with another counterparty may be less than in the case of exchange-traded instruments. Other risks include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Such transactions are also not subject to the same type of government regulation as exchange-traded instruments, and therefore many of the protections afforded to participants in a more regulated environment may not be available. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “*Dodd-Frank Act*”) has introduced a framework for extensive regulation to the U.S. swaps market, including the imposition of registration requirements on swap dealers, mandatory clearing and trade execution requirements for certain swaps, as well as margin, reporting and recordkeeping obligations. The full impact of these regulatory changes on the Advisory Clients are difficult to determine at this time. As a result of the Dodd-Frank Act, the Advisory Clients expect to be required to transact certain swaps on regulated trading venues and to clear certain swap trades through a clearinghouse. This will introduce the Advisory Clients to certain risks as a result of clearing through third parties, such as operational risk and risk of fraud, as well as risk that the cleared contracts may, in the future, become subject to position limits. Certain hedging arrangements may create for King Street and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the “*CFTC*”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of an Advisory Client or a portfolio company to hedge its exposures becomes limited by such requirements. In parallel with the Dodd-Frank Act and other initiatives in the U.S., steps are also being taken to regulate over-the-counter derivatives contracts in the European Union, which could result in additional regulatory and operational risks to the Advisory Clients’ transactions in derivatives in the European Union and/or could adversely impact the ability of the Advisory Clients to adhere to their respective investment approaches and achieve their respective investment objectives.

*Short Selling* – An Advisory Client’s investment strategy may involve entering into short sale positions, both directly and indirectly through the use of credit default swaps, options and other derivative instruments. In certain cases, a short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to an Advisory Client of buying that security to cover the short position. If an Advisory Client is not able to maintain the ability to borrow securities sold short, it can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Additionally, certain market participants could accumulate such securities in a “short squeeze,” which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Equity Instruments* – Certain Advisory Clients may invest their assets in equity securities, including preferred or common stocks, and there may be no limitation on the type, size or operating experience of the issuers in which such Advisory Clients may invest. A number of King Street's strategies are based on attempting to predict the future price level of different equity or equity-related securities. Numerous interrelated and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and geopolitical factors influence the prices of equities. There can be no assurance that King Street will be able to predict future price levels correctly. While diversification among issuers may mitigate these risks, an Advisory Client is not required to diversify its investments in equity securities, and investors should expect fluctuations based on market conditions in the value of equity securities held by the relevant Advisory Clients.

*Illiquid Investments* – Certain of the investments of the Advisory Clients may be or become illiquid and involve a high degree of business and financial risk that could result in substantial losses. In particular, the investments made by the Real Estate Funds are generally private, illiquid and long-term in nature. Because of the absence of active or regulated trading markets for illiquid investments, and because of the difficulties in determining market values accurately, it may take an Advisory Client longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid investments could be less than those originally paid by an Advisory Client. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities. Fund investments that King Street believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance may be designated as Special Investments, which investors may be required to hold indefinitely.

*Illiquidity of the Real Estate Funds; Lack of Current Distributions* – An investment in the Real Estate Funds is an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Real Estate Fund (and the management fee payable to the investment manager) may exceed its income, thereby requiring that the difference be paid from the Real Estate Fund's capital, including unfunded commitments.

*Non-U.S. Investments* – Advisory Clients may invest in the equity, debt or other securities and instruments of issuers or other investments located outside the United States. These securities, instruments or other investments may be affected by political, social and economic uncertainty affecting a country or geographic region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment

may also be different from that of the United States, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information regarding issuers in such locations. Income received by an Advisory Client from sources within some countries may be reduced by withholding taxes imposed by such countries. The risks associated with non-U.S. investments, and in particular European issuers, may be greater for the European Funds.

*Leverage* – Each Advisory Client may borrow funds and enter into agreements in connection therewith and may also leverage its investment return with structured products, options, short sales, swaps, forwards, credit derivatives and other derivative instruments. The use of leverage creates special risks and may significantly increase an Advisory Client's investment risk. The amount of borrowings which each Advisory Client may have outstanding at any time may be substantial in relation to its capital. Any event which adversely affects the value of an investment by an Advisory Client would be magnified to the extent that an Advisory Client is leveraged. The cumulative effect of the use of leverage by an Advisory Client in a market that moves adversely to an Advisory Client's investments could result in a substantial loss to an Advisory Client which would be greater than if an Advisory Client were not leveraged. The use of leverage may create interest expenses for an Advisory Client, which can exceed the investment return from the borrowed funds.

*Turnover and Transactions Costs* – King Street actively manages each Advisory Client's portfolio. The turnover rate of an Advisory Client's investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transactions costs. In particular, many of the Advisory Clients' investments, including those that are not readily marketable, may involve higher bid-ask spreads than investments that are exchange-traded.

***Operational and Counterparty Risk*** – Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Advisory Clients' operations may lead to financial losses, the disruption of their businesses, liability under applicable law, regulatory intervention or reputational damage. The Advisory Clients' businesses may be highly dependent on King Street's and the applicable administrator's ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Advisory Clients rely heavily on their financial, accounting, risk and other data processing systems. The capacity of these systems to accommodate an increasing volume of transactions could also constrain the Advisory Clients' abilities to properly manage their portfolios.

The Advisory Clients are also exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Advisory Clients to suffer a loss. Such "counterparty risk" is accentuated where the Advisory Clients have concentrated transactions with a single counterparty or small group of counterparties. Moreover, the Advisory Clients' internal credit function by which King Street evaluates the creditworthiness of the Advisory Clients' counterparties may prove insufficient, which may increase the potential for losses by the Advisory Clients.

Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges, with which the Advisory Clients interact on a daily basis.

**Cybersecurity** – The Advisory Clients are susceptible to operational, financial, and information security risks resulting from cyber-attacks. Such attacks can include, among other things, the attempted theft, misuse, improper release, corruption or destruction of, or unauthorized access to, confidential data relating to King Street, the Advisory Clients and their investors, disruptions or failures to systems, networks, devices and applications relating to the operations of King Street, the Advisory Clients and their service providers, extortion, and fraudulent attempts to negatively influence employee behavior. As part of its business, King Street processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Advisory Clients and personally identifiable information of their investors. Additionally, the service providers of King Street and the Advisory Clients are subject to the same electronic information security threats, and the failure to adopt or adhere to adequate data security policies or a breach of a service provider's systems may cause information related to the Advisory Clients' transactions or personally identifiable information of investors to be lost or improperly accessed, used or disclosed.

King Street has procedures and systems in place to protect against cybersecurity threats. However, such measures cannot provide absolute security. Successful cyber-attacks may cause King Street or the Advisory Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational loss.

**Conflicts of Interest** – Potential conflicts of interest may arise between King Street and its affiliates, on the one hand, and the Advisory Clients on the other. King Street manages several Advisory Clients with objectives that are similar or overlapping. In addition, King Street may in the future manage or sponsor other investment funds or investment vehicles with objectives that may differ from the Advisory Clients'. Other conflicts of interest may arise with respect to (i) the compensation paid to King Street and its affiliates by the Advisory Clients (including due to the timing of drawdowns and realizations); (ii) the allocation of time and resources by King Street and its employees among the Advisory Clients or to other business not pertaining to the Advisory Clients; (iii) the allocation of investment opportunities among the Advisory Clients (including in connection with any co-investment opportunities); (iv) the selection of service providers; and (v) valuation of the Advisory Clients' assets. From time to time, King Street may acquire for an Advisory Client securities of an issuer which have opposing interests to securities of the same issuer that are held by, or acquired for, one or more other Advisory Client (e.g., an Advisory Client may acquire senior debt while one or more other Advisory Clients may acquire subordinated debt). Similarly, an Advisory Client itself may make investments that have opposing interests to one another, where the groups of investors holding these investments may not be identical (e.g., if one or both of the investments is designated as a Special Investment). Conflicts of interest may arise under such circumstances. King Street anticipates that, as a general matter, it will not seek out or accept material non-public information with respect to certain issuers or investments. In circumstances where it receives such information, King Street



may (in accordance with applicable law and its relevant policies and procedures) restrict trading in such issuer or investment, which could have an adverse impact on the Advisory Clients. Certain of these potential conflicts of interest are described below.

Subject to any relevant restrictions or other limitations contained in the governing documents of the Advisory Clients, King Street will allocate fees and expenses (including reimbursements) in a manner that it believes in good faith is fair and equitable to its Advisory Clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, King Street may be faced with a variety of potential conflicts of interest.

Any of these situations subjects King Street and/or its affiliates to potential conflicts of interest. King Street attempts to resolve such conflicts of interest in light of its obligations to investors in its Advisory Clients and the obligations owed by King Street's advisory affiliates to investors in investment vehicles managed by them. To the extent that an investment or relationship raises particular conflicts of interest, King Street will review the circumstances of such investment or relationship with a view to addressing and mitigating the potential for conflict. Where necessary, and subject to the provisions of the relevant governing documents, King Street may consult and receive consent to conflicts from a board of directors, advisory committee and/or independent reviewer.

***Modification of Terms*** – An Advisory Client and/or King Street (or its affiliates) may, from time to time, each in its sole discretion, enter into agreements concerning a particular investor's investment in the Advisory Client, including the terms related to such investment. The Advisory Clients and King Street are generally not required to disclose the existence or terms of any such agreements to any other investor or to offer the terms of any such agreements to any other investor. Any investor that is a party to such agreement may have rights that are preferential in some respect to other investors. In addition, each Advisory Client, and in certain cases King Street, will have the discretion to waive or modify the application of certain provisions of such Advisory Client's governing documents. These agreements may, in some respects, be beneficial only to the investors entering into them, including with respect to liquidity rights. Please see the applicable Advisory Client's offering memorandum for additional information regarding these agreements.

***Legal, Regulatory and Tax Risk*** – Legal, regulatory and tax developments that may adversely affect the Advisory Clients could occur at any time. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions, including the Dodd-Frank Act and the regulatory initiatives in the European Union, is an evolving area of law and is subject to modification by government and judicial actions.

There has been an increase in government, as well as self-regulatory, scrutiny of the alternative investment industry in general, and the Advisory Clients may be subject to new or additional regulatory constraints in the future. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect

the ability of the Advisory Clients to pursue their investment strategies and the value of investments held by the Advisory Clients.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN KING STREET'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS.

**Item 9     DISCIPLINARY INFORMATION**

Not Applicable

**Item 10    OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

***General Partner and Special Shareholder Affiliates***

Certain of King Street's affiliates serve as general partners of the Partnerships or Real Estate Funds or special shareholders of the Master Funds. These entities are the recipients of the performance reallocation from each applicable Advisory Client. See Item 5 (Fees and Compensation).

The entities serving as general partners are:

- King Street Advisors, L.L.C., which serves as general partner to King Street Capital, L.P.;
- King Street Europe Advisors, L.L.C., which serves as general partner to King Street Europe, L.P.; and
- King Street Real Estate GP, L.L.C., which serves as general partner to King Street Real Estate Fund, L.P. and King Street Real Estate Fund (Offshore PF), L.P.

The entities serving as special shareholders are:

- King Street Master Advisors, L.L.C., which serves as special shareholder of King Street Capital Master Fund, Ltd.; and
- King Street Europe Master Advisors, L.L.C., which serves as special shareholder of King Street Europe Master Fund, Ltd.

***Relying Advisers***

RTCM is a relying adviser of KSCM and serves as collateral manager to the Rockford Tower CLOs. As noted above, certain Funds are direct investors in the Rockford Tower CLOs. RTCM has entered into a staff and services agreement with KSCM pursuant to which it compensates KSCM for providing certain services to RTCM. Moreover, certain employees of King Street involved with the Rockford Tower CLOs are also employees of RTCM (thus serving as shared employees).

In addition, KSCM has entered into subadvisory agreements with the following non-U.S. affiliates, each of which is a relying adviser (each a “*Foreign Relying Adviser*”): King Street Europe, King Street Japan and King Street Singapore. The Foreign Relying Advisers maintain offices in the United Kingdom, Japan and Singapore, respectively, and each manages (and/or makes investment recommendations with respect to) certain assets of the Advisory Clients, subject to the direction of, and policies established by, KSCM. The Foreign Relying Advisers are compensated directly by KSCM.

## **Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics and Personal Trading***

King Street has adopted a Code of Ethics and Policies Governing Personal Securities Transactions (“*Code of Ethics*”). The Code of Ethics states that each of King Street’s employees shall place the interests of the Advisory Clients first. Employees are permitted to invest in securities and other investment products for their own accounts consistent with Rule 204A-1 under the Advisers Act, and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual’s position of trust and responsibility. These transactions may be the same as or different from the transactions that King Street executes for the Advisory Clients. Employees’ personal securities transactions generally must be approved in advance, subject to certain limited exceptions such as accounts for which the employee does not maintain investment control or participate in the investment decisions.

The Code of Ethics requires employees to disclose all reportable securities upon hire and at least annually thereafter, disclose all reportable securities transactions at least quarterly, and disclose all personal investment accounts. Employees generally must provide or arrange for their brokers to send King Street account statements, and must separately report on a quarterly basis any reportable security transactions that do not appear on an account statement.

### ***Gifts and Entertainment***

The Code of Ethics contains policies and procedures intended to prevent employees from being unduly influenced or unduly influencing others in their decisions by the receipt or provision of gifts or other inducements from or to third parties, such as trading counterparties, vendors and investors.

### ***Political Contributions***

King Street and its supervised persons may make political contributions to persons who serve or seek to serve in elected capacities with certain public entities. These political contributions are permitted only in compliance with Rule 206(4)-5 under the Advisers Act (relating to pay-to-play activities) and corresponding local laws and regulations.

### ***Outside Activities***

The Code of Ethics requires employees to obtain prior approval to engage in certain outside business activities. From time to time a principal or employee of King Street or its affiliates or a

related person may serve as a director (or equivalent) of one or more companies in which one or more of the Advisory Clients invests.

King Street's principals, employees, affiliates and related persons will use their best efforts in connection with the purposes and objectives of the Advisory Clients and will devote so much of their time and effort to the affairs of the Advisory Clients as may, in their judgment, be necessary to accomplish the purposes of the Advisory Clients. However, there is no obligation that they devote any specific amount or percentage of their time to the affairs of the Advisory Clients.

Existing or prospective clients may obtain a copy of King Street's Code of Ethics upon written request directed to: Chief Compliance Officer, King Street Capital Management, L.P., 65 East 55<sup>th</sup> Street, 30<sup>th</sup> Fl, New York, NY 10022 or by calling (212) 812-3130.

### ***Material Non-Public or Confidential Information***

In connection with the investments of one or more Advisory Clients, King Street may receive or have access to confidential information that may include material non-public information concerning an entity in which such Advisory Clients have invested, or propose to invest, and the possession of such information may restrict, by law, internal policies or otherwise, King Street's ability to buy or sell particular securities or instruments of the borrower on behalf of its Advisory Clients (or to take other actions relating to such securities or instruments), thereby limiting the investment opportunities or exit strategies available to the clients. On the other hand, at times, King Street, in an effort to avoid restrictions for its Advisory Clients, may elect not to receive, or actively avoid exposure to, information relating to a particular investment that other market participants or counterparties are eligible to receive or have received. As a result, King Street may not possess all of the information relating to the investment that other investors (or prospective investors), including without limitation, lenders, portfolio managers or other market participants, may have, and consequently may from time to time take actions (including, without limitation, purchasing, selling or making other decisions) or refrain from taking actions with respect to investments that it would not take or refrain from taking were it in possession of material non-public information known to other market participants.

### ***Participation or Interest in Advisory Client Transactions***

King Street does not buy or sell securities for its own account except in connection with the Risk Retention Rules as discussed above. However, King Street or its affiliates have an interest, as general partner or otherwise, in one or more of the Advisory Clients. In addition, certain members, directors, officers and employees of King Street and its affiliates own, buy and/or sell interests in the Advisory Clients. Accordingly, King Street and/or its affiliates and employees have a substantial interest in certain of the Advisory Clients managed by King Street. If King Street's or its affiliates' interests in an Advisory Client are substantial, the Advisory Client may be treated as a principal account of King Street for certain purposes. To the extent any principal account participates in transactions in securities or other instruments in which other Advisory Clients participate, King Street will ensure that such principal account participates in accordance with King Street's policies and procedures on allocation of investments and applicable legal and regulatory requirements, if any. In addition, King Street has established master-feeder structures

whereby the Offshore Funds generally invest through the corresponding Master Fund. Investors in these Funds are subject to only one level of management fees and performance reallocations.

### ***Interests in RTCM and the Rockford Tower CLOs***

Certain Funds, KSCM, RTCM, and their respective affiliates invest (directly or indirectly) in the interests of Rockford Tower CLOs. In particular, certain Funds and KSCM each maintain an indirect ownership interest in RTCM and RTCM holds Risk Retention Interests in the Rockford Tower CLOs sufficient to satisfy applicable Risk Retention Rules. RTCM's purchase of interests in the Rockford Tower CLOs may give RTCM majority control positions in Rockford Tower CLOs. Any such control position or investment may provide an incentive to take actions that may vary from the interests of the other holders of the Rockford Tower CLO securities. Particularly, King Street may have the ability to exercise voting rights, including control rights, with respect to matters as to which the holders of securities are entitled to vote, including, without limitation, any vote to direct a redemption or refinancing and any vote to accelerate or not to accelerate the payment of certain Rockford Tower CLO securities. In addition, RTCM and any Fund or Rockford Tower CLO may acquire securities in any other Rockford Tower CLO, and RTCM may own a higher percentage of securities in one Rockford Tower CLO versus another Rockford Tower CLO. RTCM acts in its own interests with respect to such securities and such interests may conflict with or be adverse to the interests of other holders of securities in such Rockford Tower CLOs and Funds that invest in such Rockford Tower CLOs. Furthermore, KSCM's interests in RTCM (and any direct or indirect interests in the Rockford Tower CLOs) may diverge from the interests of the Funds that invest in RTCM (and/or the Rockford Tower CLOs). Please see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss - *LSTA Decision Regarding CLO Risk Retention*) for important information regarding a recent court ruling and its impact on the U.S. Risk Retention Rules.

## **Item 12 BROKERAGE PRACTICES**

### ***General***

King Street has sole discretion to determine, subject to each Advisory Client's investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the Advisory Clients, and the commission rates to be paid for such transactions. A more detailed discussion of how King Street makes use of this authority follows.

King Street is authorized to determine the broker or dealer to be used for each securities transaction for the Advisory Clients. In selecting brokers or dealers to effect portfolio transactions, King Street will seek "best execution" taking into account such factors as King Street determines to be relevant, which may include price (including the applicable brokerage commission or mark-up or mark-down), size of the order, difficulty of execution, the operational facilities and reliability of the firm involved, the firm's promptness of execution, adequacy of the firm's trading infrastructure, technology and capital, the quality of service rendered to King Street or its affiliates in other transactions, confidentiality considerations, the firm's financial stability and reputation, special execution capabilities, access to underwritten offerings,

secondary markets and over-the-counter investment opportunities, the availability of bonds or stocks to borrow for short trades, the firm's ability to accommodate any special execution or order handling requirements that may surround a particular transaction, any research or brokerage products or services provided by such brokers or dealers, and such other factors as King Street deems appropriate. King Street need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread available. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by a broker-dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions because transactions are allocated on the basis of all the considerations described above.

Each Advisory Client's securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Advisory Clients, not King Street, are obligated to pay. King Street has sole discretion in deciding which brokers and dealers each Advisory Client uses and in negotiating the rates of compensation each Advisory Client pays. In addition to using brokers as agents and paying commissions, each Advisory Client may buy or sell securities directly from or to dealers acting as principals at prices that include mark-ups or mark-downs, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers. In addition, from time to time, King Street may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker-dealer used by each Advisory Client may acquire or dispose of a security through a market-maker (a practice known as interpositioning). The transaction may thus be subject to both a commission and a mark-up or mark-down. King Street believes that the use of a broker-dealer in such instances can provide anonymity in connection with a transaction. In addition, a broker-dealer may, in certain cases, have greater expertise or ability in accessing the markets and executing a transaction.

In light of the fact that certain Advisory Clients' investment programs include trading as well as investments, short-term market considerations will frequently be involved. King Street believes that the turnover of the portfolios of such Advisory Clients (and, therefore, brokerage related expenses) is substantially greater than the turnover rates of certain other types of investment vehicles.

### ***Soft Dollars***

From time to time, the Advisory Clients may pay a broker or dealer commissions (or mark-ups or mark-downs with respect to certain types of riskless principal transactions) at a higher rate than that which another broker or dealer might have charged for effecting the same transaction in recognition of the value of the brokerage and research services provided by the broker or dealer. The use of any commissions or soft dollars to pay for research or brokerage products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). Products or services furnished or paid for by brokers or dealers may include, without limitation, research products and services, such as research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, performance measurement data, consultations, economic and market recommendations, general reports, quotation services, as well as other brokerage products and

services, such as special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, financial strength and stability, efficiency of execution and error resolution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services.

Research obtained by the use of commissions arising from an Advisory Client's portfolio transactions may be used by King Street in its other investment activities and to service other Advisory Clients, and therefore the Advisory Client(s) that generated the commissions used to obtain the research may not, in any particular instance, be the direct or indirect beneficiary of the research provided. Under Section 28(e), research or brokerage services obtained with soft dollars generated by an Advisory Client may be used by King Street to service other Advisory Clients, or clients other than that Advisory Client, if any. Where a product or service obtained with soft dollars provides assistance both within the safe harbor created by Section 28(e) of the Exchange Act and outside of the safe harbor, each Advisory Client will make a reasonable allocation of the cost that may be paid for with soft dollars and pay the remaining portion using King Street's own hard dollars. The portion of the cost of such products and services that King Street allocates to be paid for with soft dollars generated by an Advisory Client will be borne indirectly by the Advisory Client, rather than directly by King Street. Neither the management fees nor the performance-based compensation will be reduced as a result of the use of soft dollars. While soft dollars may be used as described above, third-party research-related products or services and brokerage services generally will be paid for directly by the Advisory Clients as an expense. King Street may derive substantial direct or indirect benefits from the use of soft dollars, as they may not otherwise have to produce, develop or acquire such research, products or services. Accordingly, the relationships with brokerage firms that provide soft dollar services may influence the judgment of King Street in allocating brokerage business of the Advisory Clients and create a conflict of interest in using the services of those brokers or dealers to execute the Advisory Clients' brokerage transactions.

### ***Aggregation of Trades***

King Street will typically aggregate sale and purchase orders of securities on behalf of the Advisory Clients if King Street believes that such aggregation is reasonably likely to result in an overall benefit to the Advisory Clients based on an evaluation of factors in King Street's sole discretion. In many instances, the purchase or sale of securities for the Advisory Clients will be effected simultaneously. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. Each Advisory Client that participates in an aggregated order generally will participate at the average price for all of King Street's transactions in that investment on a given business day (provided, that this policy is subject to the sole discretion of King Street, and with respect to certain instruments such as option contracts, determining the average price may not be possible), with transaction costs shared *pro rata* based on each Advisory Client's participation in the transaction. King Street will receive no additional compensation of any kind as a result of an aggregated order. For certain over-the-counter transactions (e.g., bank debt, derivatives), for administrative and operational reasons, King Street may execute a transaction in an Advisory Client's name and enter into a participation agreement granting an interest in the relevant investment to other Advisory Clients or vice versa, rather than

having each participant purchase its allocable share directly. Furthermore, King Street may establish one or more special purpose vehicles in which one or more of the Advisory Clients may invest for tax, legal, operational or other reasons when deemed to be in the interest of the relevant Advisory Clients. In such circumstances, the Advisory Clients may guarantee the obligations of each other and/or any such special purpose vehicles.

### ***Allocation of Investment Opportunities***

King Street and its affiliates and their respective members, directors, officers and employees (“*Affiliated Parties*”) may have conflicts of interest in allocating investments among, and in effecting transactions and taking actions for, the Advisory Clients, including as a result of having differing economic interests in different Advisory Clients. In order to mitigate these conflicts, King Street has adopted policies and procedures pursuant to which investment opportunities are required to be allocated by King Street and its Affiliated Parties on a fair and equitable basis among the Advisory Clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Advisory Clients, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio’s overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Advisory Clients; (c) liquidity requirements of the Advisory Clients; (d) potential tax consequences; (e) legal, contractual or regulatory restrictions; (f) the desire to adjust the risk profile of one or more of the Advisory Clients; (g) there being Advisory Clients with a substantial amount of investable cash (e.g., during a “*ramp-up*” period) or a substantial reduction in available cash; (h) whether such allocation would create *de minimis* exposure with respect to such Advisory Clients; and (i) other relevant factors as determined by King Street. Such considerations may result in allocations among the Advisory Clients on other than a *pari passu* basis. In addition, the Affiliated Parties may allocate to Advisory Clients that specialize in investments in a limited set of asset classes, sectors, geographic regions, industries or markets greater than their *pari passu* share of any investments in such asset classes, sectors, geographic regions, industries or markets. Notwithstanding the foregoing, the Affiliated Parties may not be under any obligation to share any investment opportunity, idea or strategy with a particular Advisory Client. From the standpoint of the Advisory Clients, simultaneous identical portfolio transactions for each individual Advisory Client may tend to decrease the prices received, and increase the prices required to be paid, by each Advisory Client for their portfolio sales and purchases. Further, it may not always be possible or consistent with the investment objectives of each Advisory Client for the same investment positions to be taken or liquidated at the same time or at the same price.

King Street’s allocation of investment opportunities in the manner discussed herein may not, and often will not, result in proportional allocations among Advisory Clients, and such allocations may be more or less advantageous to some such Advisory Clients relative to others. There can be no assurance that an Advisory Client’s actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which King Street may be subject, discussed herein, did not exist.



***Capital Introduction Services***

From time to time, broker-dealers (including, without limitation, prime brokers) and other counterparties may assist an Advisory Client in raising additional funds from investors by introducing an Advisory Client to prospective investors, including by permitting the Advisory Client to participate in capital introduction programs provided by the broker-dealer or its affiliates. Subject to best execution, King Street may direct brokerage through such broker-dealers or may engage such broker-dealers for the provision of prime brokerage services. While King Street confirms that no additional brokerage compensation is charged in respect of such services and no requirements are imposed regarding any particular level of business, King Street may nevertheless face a conflict of interest in that it may have an incentive to select a broker-dealer for the Advisory Clients based on King Street's interest in receiving investor referrals, rather than on the Advisory Clients' interest in receiving most favorable execution.

***Execution Risk: Trade Errors***

King Street's trading activity for the Advisory Clients involves multiple instruments, multiple broker-dealers and counterparties and multiple strategies. Further, the execution of the trading and investment strategies employed by King Street for the Advisory Clients may require a high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or novel instruments. King Street has trained the trading and operational staff devoted to executing, settling and clearing such trades. However, in light of the foregoing, some slippage, trade errors and miscommunications with broker-dealers and counterparties may occur and result in losses to the Advisory Clients. King Street endeavors to detect trade errors quickly and correct and/or mitigate them in an expeditious manner.

To the extent an error is caused by a counterparty, such as a broker-dealer, King Street will attempt to recover any loss associated with such error from such counterparty. Any costs or losses resulting from trade errors or order errors may be borne by an Advisory Client unless such errors are due to actions by King Street for which King Street would not be entitled to indemnification. See Item 16 (Investment Discretion).

Given the large volume of transactions executed by King Street on behalf of the Advisory Clients, investors should assume that trade errors (and similar errors) will occur and that the Advisory Clients will be responsible for any resulting losses.

**Item 13 REVIEW OF ACCOUNTS**

Depending on the type of Advisory Client, King Street performs various daily, monthly and/or quarterly reviews of their portfolios. These reviews are conducted by various groups within King Street, including: (i) the Managing Members; (ii) investment committee members, traders and research analysts who monitor and review positions and risk; (iii) certain back office personnel who are responsible for valuation, confirmations, settlements, position reconciliation and allocating profits and losses of the Advisory Clients; and (iv) certain risk management personnel.

Investors in each Fund receive periodic written reports on the Fund's operations that contain information about the value of the Fund's net assets and the Fund's net asset value per share (for the Offshore Funds), and the Fund's annual financial statements, audited by an independent public accounting firm. Investors also receive periodic written communications from King Street discussing its investment views and strategies and the performance of the Funds.

The investments made by the Real Estate Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, King Street monitors the investments made by the Real Estate Funds and periodically checks to confirm that each Real Estate Fund is maintained in accordance with its stated objectives.

Each Real Estate Fund generally will provide to its limited partners (i) an annual GAAP audited financial statement and quarterly unaudited financial information for the first three quarters of each fiscal year and (ii) annual tax information necessary for each limited partner's tax return. In addition, King Street may provide to certain limited partners, prospective investors and certain other parties, upon request, on such terms as King Street determines, in its sole discretion, certain information relating to the Real Estate Funds' portfolio investments.

Rockford Tower CLO investors may access periodic reports from the Rockford Tower CLO trustee, generally using a web-based portal. These reports will include detailed information about the Rockford Tower CLO's portfolio holdings as well as the performance of the securities issued by the Rockford Tower CLO.

#### **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

King Street does not currently provide investment advice to any clients other than the Advisory Clients, and does not currently compensate any person for referrals of clients. However, King Street may in the future enter into arrangements to provide investment advice to other clients and/or may enter into arrangements with marketing or placement agents to assist with the marketing of the Advisory Clients to investors.

Broker-dealers (including, without limitation, prime brokers) and other counterparties may provide a variety of services, including underwriting and capital introduction services. King Street is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services.

#### **Item 15 CUSTODY**

King Street is deemed to have custody over the assets of the Funds and the Real Estate Funds because of the authority of King Street and its affiliates over the accounts and assets of the Funds and the Real Estate Funds. Although investors in the Funds and the Real Estate Funds do not receive statements directly from the Funds' or Real Estate Funds' custodians, they do receive the applicable Fund's or Real Estate Fund's annual financial statements audited by an independent public accounting firm. See Item 13 (Review of Accounts). The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120

days of the applicable Fund's or Real Estate Fund's fiscal year end. Investors in the Funds and the Real Estate Funds are urged to carefully review such statements.

**Item 16 INVESTMENT DISCRETION**

King Street exercises sole discretion in managing the investments of each Advisory Client, based on each Advisory Client's particular investment objectives, policies and strategies. For more information, please see Item 4 (Advisory Business). In general, King Street is not liable to the Partnerships or the Real Estate Funds unless its acts, or failure to act, constitute fraud, willful misconduct, an intentional breach of the relevant partnership agreement, or gross negligence. Similarly, King Street is not liable to the Offshore Funds except to the extent the liability was caused by King Street's willful misconduct, bad faith, gross negligence, or reckless disregard of its obligations and duties under the relevant investment management agreement. King Street generally has sole discretion to waive or modify the application of any provision of the investment terms applicable to an investor without obtaining the consent of any other investor in a Fund or a Real Estate Fund. For the Rockford Tower CLOs, RTCM is granted discretionary authority through the relevant vehicle's governing documents. This discretion is subject to any investment or other restrictions set forth in the governing documents which may include, for example, requirements with respect to concentration or credit quality. Additionally, RTCM will be limited by the Risk Retention Rules, if applicable, with respect to the sale of Risk Retention Interests.

Purchase and sale transactions (including derivatives transactions and loan participations) may be "*crossed*" (*i.e.*, effected between Advisory Clients, including Advisory Clients that may be deemed to be principal accounts for this purpose) if the holdings are independently considered appropriate for purchase and sale by different Advisory Clients, or to adjust the exposure of certain portfolio securities holdings among the Advisory Clients. Such transactions are subject to the following guidelines: (i) they will be effected at a price determined in accordance with each Advisory Client's valuation policies for the particular securities or assets; and (ii) no extraordinary brokerage commissions or fees (*i.e.*, except for customary transfer fees or commissions paid to a third party for effecting the transfer) or other remuneration will be paid in connection with any such transaction.

In some circumstances a cross trade may be viewed as a "*principal transaction*" due to the ownership interest in one or more of the Advisory Clients by King Street, its affiliates or their personnel. To the extent that such a transaction constitutes a principal transaction under the Advisers Act, appropriate consent to the trade will be obtained from the relevant Advisory Clients, as applicable, in accordance with the requirements of the Advisers Act and their governing documents, which may include approval by a board of directors, advisory committee or independent reviewer. Any decision of a board of directors, advisory committee and/or independent reviewer to approve or disapprove a transaction will be binding on all investors in the relevant Advisory Client.

**Item 17 VOTING CLIENT SECURITIES**

King Street has adopted written proxy voting policies and procedures intended to satisfy the requirements of Rule 206(4)-6 under the Advisers Act. King Street will vote proxies in the best

interest of the applicable Advisory Client and in accordance with its proxy voting policy. The proxy voting policy provides, among other things, that in general, if there is a conflict of interest or possible conflict of interest between the applicable Advisory Client, on the one hand, and King Street, on the other, the proxy will be voted in the best interest of the applicable Advisory Client. If King Street determines that any such conflict of interest exists or may be perceived to exist when voting a proxy, King Street may resolve such conflict by: (i) delegating the voting decision for such proxy proposal to an independent third party; (ii) delegating the voting decision to an independent committee of partners, members, directors or other representatives of the Advisory Clients, as applicable; (iii) informing the investors in the investing Advisory Clients of the conflict of interest and obtaining majority consent to vote the proxy as recommended by King Street; or (iv) obtaining approval of the decision from a King Street legal officer and/or the King Street Conflicts Committee. In general, King Street's proxy voting policy is to vote in accordance with the recommendation of the company's management, unless, in King Street's opinion, such recommendation is not in the best interests of the investing Advisory Clients. The Advisory Clients do not have the right to direct King Street on how to vote on a particular matter.

There may be circumstances when refraining from voting a proxy is in an Advisory Client's best interest including, without limitation, when and if King Street determines that the cost of voting the proxy exceeds the expected benefit to the Advisory Client. Furthermore, the Advisory Clients invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the Advisory Clients would receive by voting the proxies involved. In such cases, King Street may decide it is in the best interests of the Advisory Clients not to vote the applicable proxies.

Clients may obtain a copy of King Street's Proxy Voting Policies and Procedures and information on how an Advisory Client's securities have been voted upon by submitting a written request directed to: Chief Compliance Officer, King Street Capital Management, L.P., 65 East 55<sup>th</sup> Street, 30<sup>th</sup> Fl, New York, NY 10022 or by calling (212) 812-3130.

## **Item 18 FINANCIAL INFORMATION**

There is no current financial condition that is reasonably likely to impair King Street's ability to meet its contractual commitments to the Advisory Clients.